Life Insurance

Performance Highlights

APE (INR b)	2Q FY27	YoY (%)
HDFCLIFE	47.3	12.9
ICICILIFE	28.0	15.6
SBILIFE	63.7	7.1
MAXLIFE	27.2	8.3
CANHLIFE	6.6	10.8
LIC	170.0	3.8
VNB Margin (%)		**bp**
HDFCLIFE	24.5	34
ICICILIFE	25.4	100
SBILIFE	29.2	130
MAXLIFE	27.0	154
CANHLIFE	21.4	167
LIC	21.8	249

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EXTEL POLL 2026

Ranked 3rd and 4th in the Onshore Broker and Local Broker categories, respectively

Distribution under the spotlight

VNB margins expanding; distribution economics to shape the next growth cycle

- The life insurance industry has faced key regulatory changes over the last two years, such as surrender value regulations and GST waiver, which altered the industry's near-term growth trajectory and led to operational modifications. While growth has largely normalized, the recent consultation paper on recalibrating distribution reforms could introduce another shift in the industry's trajectory, prompting insurers to revisit their distribution strategies and rationalize expenses.
- Insurers broadly support the intent of regulatory reforms, but believe the final framework needs to balance distribution economics, affordability, and insurance penetration. Most large insurers appear reasonably well positioned to adapt, with the impact likely to be differentiated by the channel and product mix. We believe SBILIFE and CANHLIFE will be least impacted, given their moderate commission ratios and EoM levels being closer to the proposed threshold, and could benefit from potential market share gains.
- Individual APE growth moderated in 2QFY27 due to impact of volatile equity markets on ULIP demand. Oct'26 growth continues to be subdued with single-digit growth for the industry. We expect growth to improve from current levels to a sustainable mid-teen trajectory, with CANHLIFE emerging as the fastest-growing player, delivering high-teen APE growth.
- During 2QFY27, all listed players witnessed VNB margin expansion, with SBI LIFE reporting the highest VNB margin in the industry (28.5% in 2QFY27). Continued momentum in the protection segment and product launches in the non-par and annuity segments drove the expansion, offset by the impact of ITC loss.
- Accounting transition to IFRS and risk-based solvency framework are emerging regulatory themes, which would lead to operational changes but improve transparency, global comparison, and capital allocation in the industry.
- Following 2QFY27 results, we expect APE growth momentum to recover, backed by recovery in ULIP, sustained demand for protection, and improving guaranteed savings demand amid rising interest rate environment. We maintain our positive stance toward VNB margin expansion, backed by a rising share of non-ULIP products and improving cost efficiency. The stocks have witnessed a de-rating following the release of distribution consultation paper, with further clarity on the same expected in the near future. Our preferred picks in the space are CANHLIFE (TP of INR180 premised on 1.7x FY28E P/EV) and SBILIFE (TP of INR2,340 premised on 2.1x FY28E P/EV).

Recalibrating distribution economics – what are insurers saying?

- Insurers largely view the proposed commission caps and EoM framework as a constructive step toward improving distribution transparency, policyholder outcomes, and affordability. Some insurers also expect the final commission limits to be more accommodating than currently proposed.
- Most leading insurers believe their existing cost structures and distribution models provide adequate flexibility to navigate the revised framework.
- Agency, proprietary, and large banca relationships appear relatively better placed, while smaller banks, brokers, and corporate agents could face relatively higher pressure.

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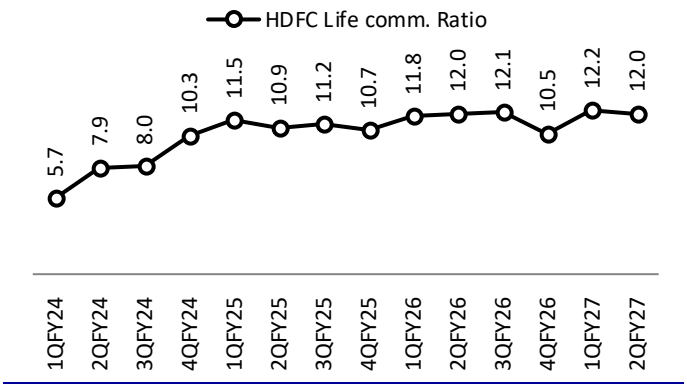
- Insurers have also highlighted the importance of preserving credit life and annuity economics, given their role in extending protection to underserved borrower and customer segments.
- Insurers are focusing on technology, digitization, AI-led productivity, and operating leverage to adapt to a lower-cost distribution environment.
- With a significant reduction in distribution costs, we expect product-level profitability to improve for life insurance players. On the other hand, business volumes could be impacted in the medium term, with credit life business in particular facing some stress. Intense competition in open architecture banks could taper off.
- **CANHLIFE:** Moderate commission rates and an expense ratio of ~18% vs the proposed 15%, along with a balanced product mix, position the company to **adapt to the final regulations,** with any additional EoM headroom potentially accelerating investments and growth. A 10% reduction in acquisition cost can expand VNB margin by 2.9%. On the fast-growing credit life front, the banca partner is also the company's promoter, and the product serves to protect its loan book. Hence, the partner's motivation to drive sales is likely to remain intact despite potential changes in the commission structure.
- **SBILIFE:** Management expects to be among the least impacted insurers, given its distribution strength and ability to adapt to the revised framework. **Regulatory changes could create opportunities** to gain share as the industry adjusts to the new operating environment.
- **MAXLIFE:** The EoM ratio currently stands at ~25%, and management expects to achieve 5-7% reduction through commission and GST optimization, alongside a further 2-3% improvement from operating efficiencies over time, to align with regulatory guidance. **Over 90% of the business should remain unaffected by the proposed changes**, with potential benefits, especially with respect to counter share gains at Axis Bank. While broker-led business and group credit life are relatively more exposed, they contribute a smaller share of MAXLIFE's business.
- **HDFCLIFE:** With its current expense ratio at ~21%, the insurer **can mathematically reach the proposed 15% EoM threshold.** The agency channel would potentially be least affected, followed by banks, while brokers and corporate agents could face relatively higher impact. The eventual impact on margins and customer pricing will depend on the final rules and competitive dynamics. The credit life segment warrants separate consideration, given its role in reaching underserved borrowers and supporting financial inclusion.
- **ICICILIFE:** Cost-to-premium ratio (ex-GST) declined to 18.3% in 1HFY27, reflecting **disciplined cost management** and readiness to navigate regulatory recalibrations. The potential impact of proposed commission cuts on the credit life segment, given its importance in providing life cover to borrowers, should be duly considered in the final regulations.
- **LIC:** Regulatory changes are expected to create opportunities for **better engagement with existing partners**. The expense ratio, including acquisition costs, remains well controlled, providing a competitive advantage as the market evolves. LIC has also submitted recommendations on the consultation paper to protect agent interests within the regulatory framework.

Exhibit 1: Proposed changes in the recent consultation paper

Aspect	Current regulation	Proposed reform
Open architecture limits	❖ Brokers: fully open (all insurers); Banks (corporate agents): light restriction — 9 life, 9 general, 9 health insurers; IMFs: 6 insurers per class; Agents: fully closed (1 insurer per class)	❖ All IDEs have the *option* (not obligation) of full open architecture — unlimited insurers, unlimited risk cover — subject to having adequately skilled IDPs
Insurer self-distribution	❖ Not permitted beyond own products	❖ Insurers may distribute a non-competing group insurer's product (life/general/health) through branch offices — via employees only, not via any IDE/IDP — at lower commission
Life insurance EoM ceiling	❖ Entity level flexibility	❖ 15% of premium in 2 years, 12.5% in 5 years (FY27-28 = Year 1); insurers already below this must reach 10% over the long term
Compulsory bundling by banks/NBFCs	❖ No explicit IRDAI prohibition; RBI's June 2026 Directions on Responsible Business Conduct address mis-selling of third-party products (including insurance) by banks/NBFCs, but this sits under RBI's remit over its regulated entities, not IRDAI's	❖ Explicit IRDAI prohibition on compulsory bundling of insurance by banks/NBFCs registered as IDEs with their own products/services — positioned as complementing, not duplicating, RBI's June 2026 directions
Acceptable package offers	❖ No defined safe-harbor list	❖ Explicit illustrative list allowed: complimentary group term life for depositors/borrowers above a threshold; credit card with free base term/travel/accident cover; loan-rate discount for additional life/property insurance security, subject to informed-consent safeguards (no forced insurer choice, premium paid separately and directly, not out of the loan amount)
Mis-selling definition/guidance	❖ No consolidated IRDAI guidance; RBI's definition applies only to bank/NBFC-sold products	❖ A 12-point illustrative mis-selling guidance list proposed under insurance regulations (e.g., selling regular premium as single premium, ULIPs to risk-averse/retired customers, term cover to non-earning dependents, inducing surrender for a new sale)
Product	**Current effective market range**	**Proposed IDE cap**
Life individual non-linked, PPT 10yrs+, first year	❖ Highs close to 80% on some products	❖ 20%
Life individual non-linked, PPT 10yrs+, renewal	❖ N/A (uncapped)	❖ 3%
Life individual pure term, single premium	❖ N/A (uncapped)	❖ 7.5%

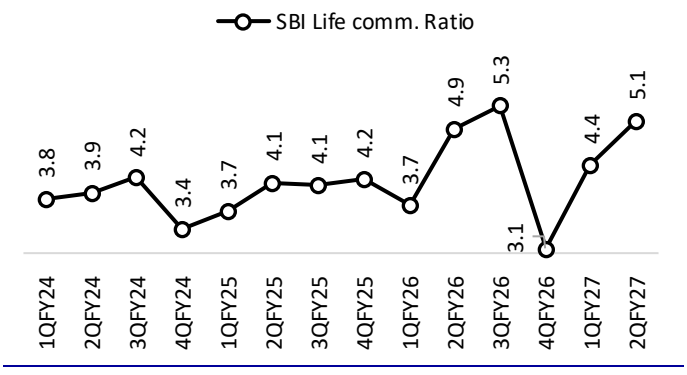
Source: MOFSL, IRDAI

Exhibit 2: HDFCLIFE's commission ratio (%)



Source: Company, MOFSL

Exhibit 3: SBILIFE's commission ratio (%)



Source: Company, MOFSL

Exhibit 4: ICICILIFE's commission ratio (%)

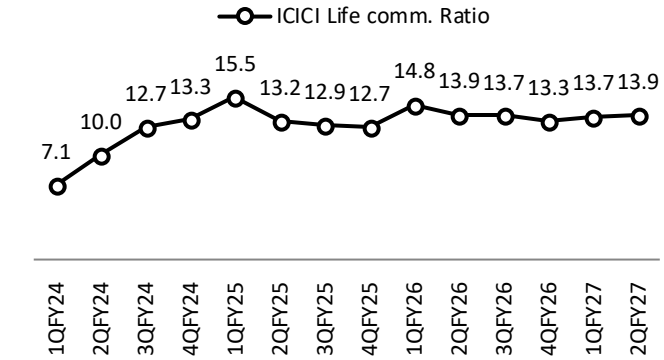


Exhibit 5: CANHLIFE's commission ratio (%)

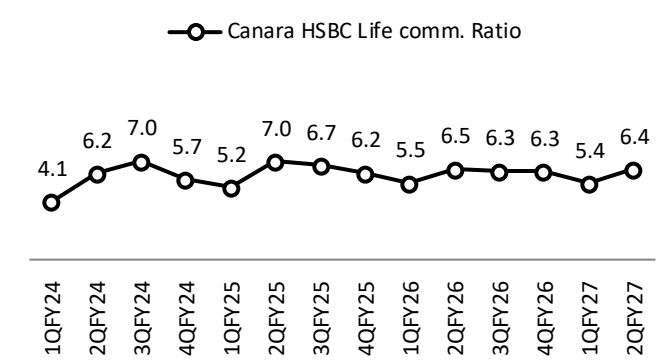


Exhibit 6: MAXLIFE's commission ratio (%)

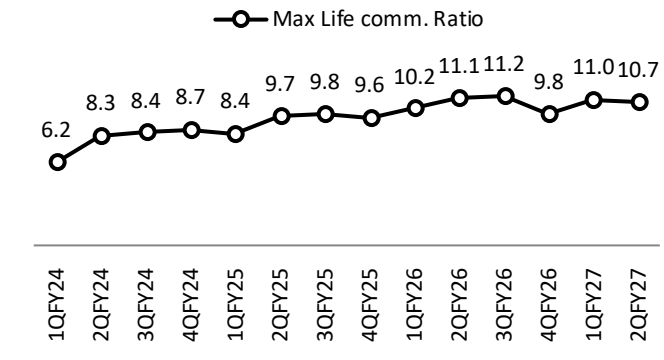


Exhibit 7: LIC's commission ratio (%)

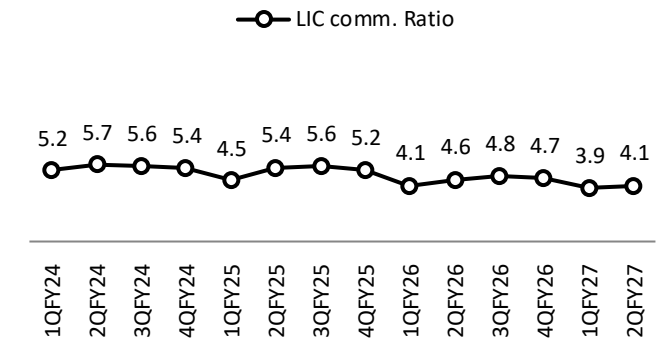


Exhibit 8: HDFCLIFE's EoM (%)

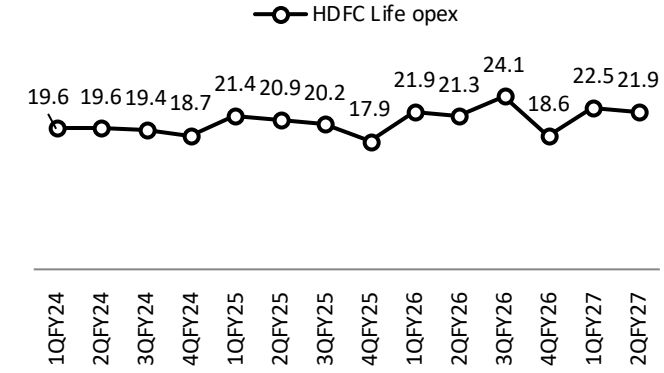


Exhibit 9: SBILIFE's EoM (%)

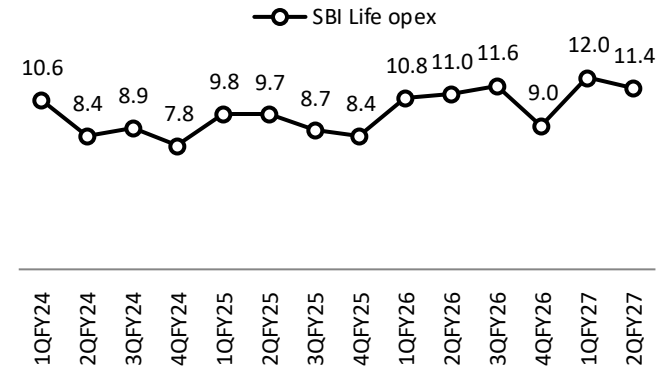


Exhibit 10: ICICILIFE's EoM (%)

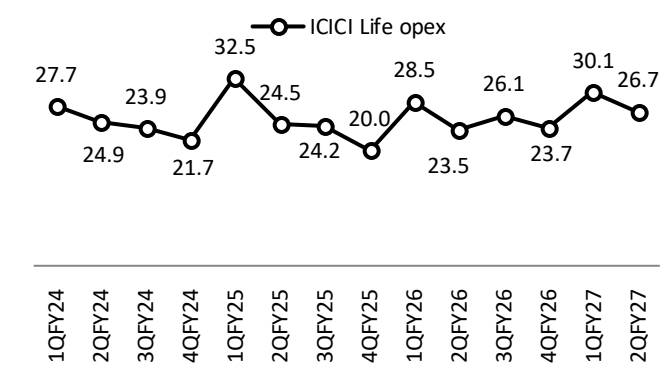
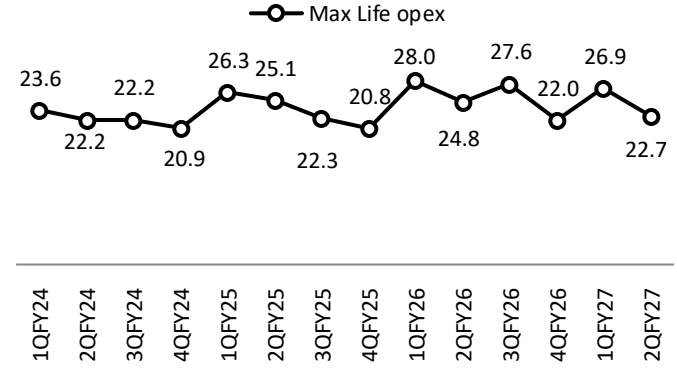


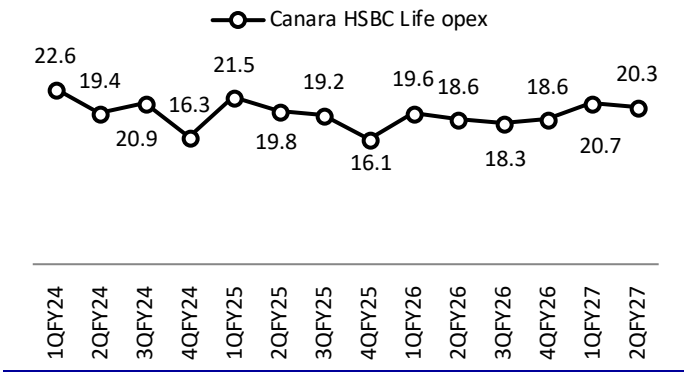
Exhibit 11: MAXLIFE's EoM (%)



Source: Company, MOFSL

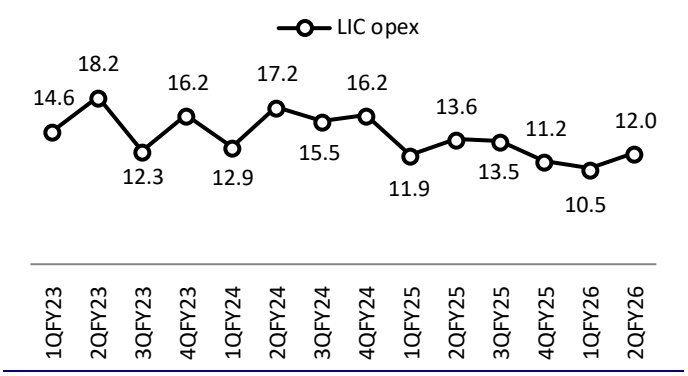
Source: Company, MOFSL

Exhibit 12: CANHLIFE's EoM (%)



Source: Company, MOFSL

Exhibit 13: LIC's EoM (%)



Source: Company, MOFSL

Snapshot – 2QFY27

INRb	Max Life			Canara HSBC Life			SBI Life			HDFC Life			ICICI Life			LIC		
	2Q FY26	2Q FY27	YoY (%)	2Q FY26	2Q FY27	YoY (%)	2Q FY26	2Q FY27	YoY (%)	2Q FY26	2Q FY27	YoY (%)	2Q FY26	2Q FY27	YoY (%)	2Q FY26	2Q FY27	YoY (%)
APE	25.1	27.2	8	6.0	6.6	11	59.5	63.7	7	41.9	47.3	13	24.2	28.0	16	163.8	170.0	4
VNB	6.4	7.3	15	1.2	1.4	20	16.6	18.6	12	10.1	11.6	15	5.9	7.1	20	31.7	37.1	17
VNB Margin	25.5	27.0	154	19.7	21.4	167	27.9	29.2	130	24.1	24.5	34	24.4	25.4	100	19.3	21.8	249
PAT	1.0	1.4	46	0.4	0.4	5	4.9	5.5	11	4.5	5.1	14	3.0	3.7	26	100.5	120.8	20
AUM	1,853	2,057	11	441	502	14	4,815	5,271	9	3,600	4,097	14	3,210	3,290	2	57,229	59,609	4
Key Ratios																		
Solvency	208.0	197.0	-1100	198.0	180.0	-1800	194.0	197.0	300	175.0	180.0	500	213.2	229.9	1670	213.0	235.0	2200
13th month persistency	85.0	83.0	-200	82.0	80.8	-120	85.4	85.8	45	80.8	79.4	-140	81.4	83.9	250	68.2	67.7	-52
61st month persistency	54.0	59.0	500	58.8	52.2	-660	56.2	58.0	177	62.9	65.9	300	59.5	62.3	280	55.1	55.5	38
Product mix (Total APE)																		
ULIP	34.7	35.7	104	50.6	45.4	-523	57.8	56.0	-177	40.1	40.5	41	49.0	45.2	-378	36.7	36.9	20
Par	12.0	13.3	129	8.8	10.0	115	4.7	4.2	-47	23.5	10.3	-1320	-	-		25.0	20.1	-490
Non-Par	34.7	32.8	-183	33.0	38.1	514	22.9	27.2	430	20.2	30.7	1051	26.9	25.9	-101	38.3	43.0	470
Protection	18.0	18.2	17	5.8	7.4	153	10.1	9.6	-51	13.2	14.3	103	17.3	20.0	271			
Group	-	-		-	-		4.5	3.3	-124	3.0	4.3	126	6.8	8.9	212			
Channel mix (Individual APE)																		
Banca	53.7	53.0	-67		86.0		56.8	57.7	90	58.2	58.7	47	30.6	27.5	-313	4.6	4.6	2
Agency							30.3	30.5	25	19.5	18.0	-150	24.8	22.8	-203	92.0	90.8	-115
Others	46.3	47.0	67		14.0		12.9	11.8	-115	22.2	23.3	103	44.6	49.7	516	3.4	4.5	113

Subdued ULIP impacted APE growth

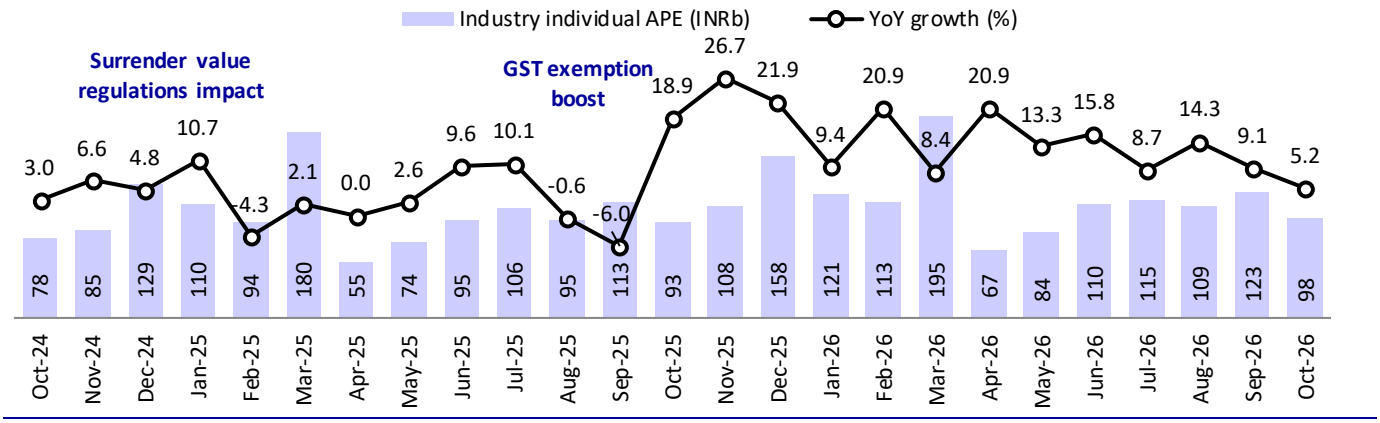
- The life insurance industry's individual APE growth trajectory has benefited from the GST exemption, with growth accelerating to the high teens in 2HFY26 and 13% in 1HFY27.
- The industry's individual APE growth moderated to 11% in 2QFY27, after witnessing strong 16% YoY growth in 1QFY27, primarily owing to weak ULIP demand amid volatile equity markets.
- While the protection business growth might normalize with the base effect kicking in, we expect the industry to maintain a mid-teen growth trajectory, backed by huge opportunity in term and annuity, continued traction in guaranteed savings, and recovery in ULIP demand.

- **CANHLIFE:** APE grew 11% YoY in 2QFY27. For 1HFY27, APE grew 14% YoY. Management expects APE growth to exceed the industry, supported by a higher traditional product mix. **We expect FY26-28 APE CAGR of 18% (fastest among peers).**
- **SBILIFE:** APE grew 7% YoY to INR63.7b in 2QFY27. For 1HFY27, APE grew 18% YoY. **Management maintains its FY27 APE growth guidance of 14-15%** with

support from normalizing of agency channel growth over the next couple of months**. We expect FY26-28 APE CAGR of 14%.**

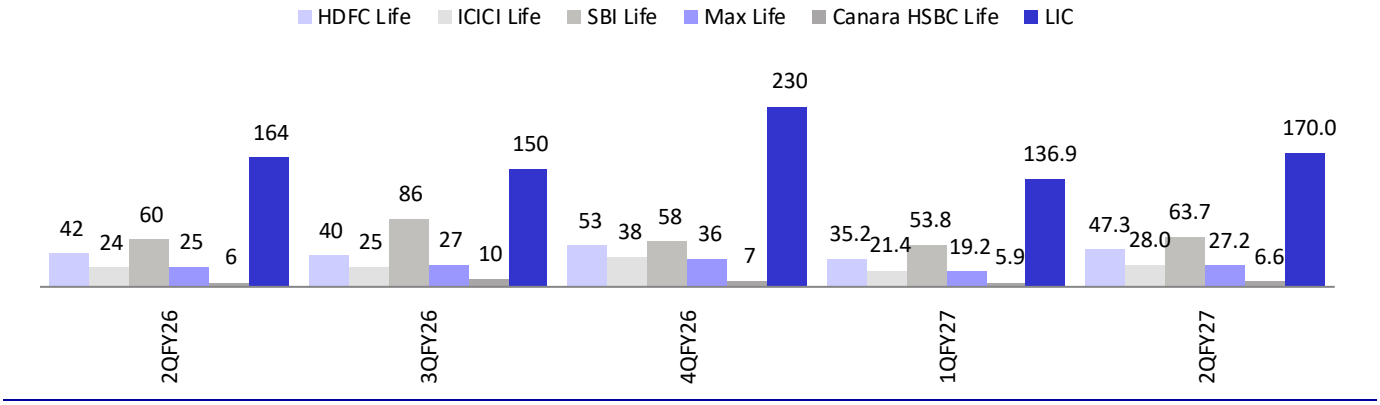
- **MAXLIFE:** APE grew 8% YoY to INR27.2b in 2Q. For 1HFY27, APE grew 12% YoY. APE growth is expected to strengthen in the second half, supported by recovery in Axis Bank and improving business momentum. **We expect FY26-28 APE CAGR of 14%**
- **HDFCLIFE:** APE of INR47.3b in 2QFY27 grew 13% YoY. For 1HFY27, APE grew 11% YoY. **Protection growth should normalize** as the high base from GST-led demand kicks in, but underlying momentum is expected to remain healthy. **We expect FY26-28 APE CAGR of 14%.**
- **ICICILIFE:** APE of INR28b grew 16% YoY in 2QFY27. For 1HFY27, APE grew 15% YoY. **We expect FY26-28 APE CAGR of 13%.**
- **LIC:** APE grew 4% YoY to INR170b. For 1HFY27, APE grew 6% YoY. **We expect FY26-28 APE CAGR of 7%.**

Exhibit 14: Industry growth trends; subdued in recent months with weak ULIP demand and a high base



Source: MOFSL, LI Council

Exhibit 15: APE trend of listed players (INR b) – ICICILIFE grew the fastest in 2QFY27 on a YoY basis



Source: MOFSL, Companies

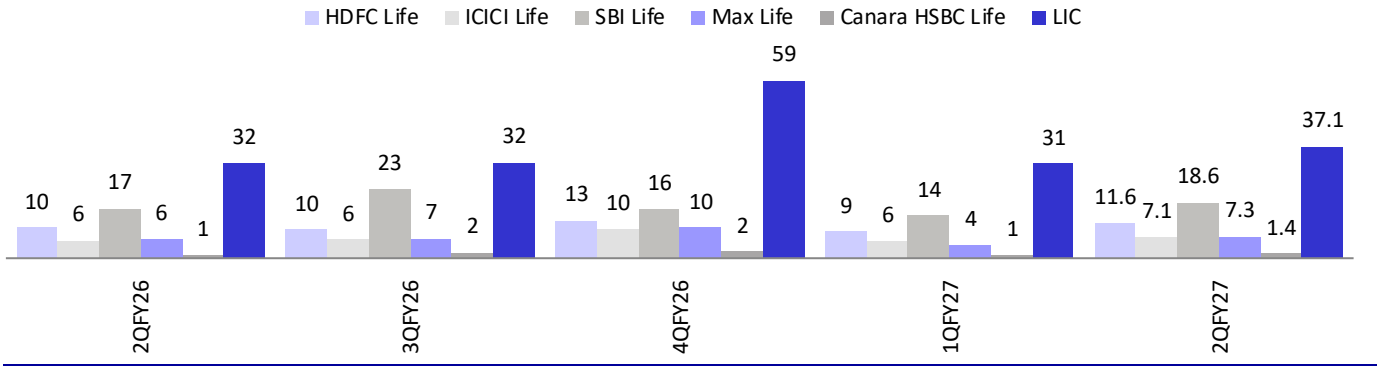
Margins benefiting from favorable product mix and yield curve movements

- The VNB growth trajectory of key players in the industry has maintained momentum in 1HFY27, with most players reporting over 20% growth.
- All players reported VNB margin expansion YoY in 1HFY27/2QFY27, supported by a favorable product mix, with a growing share of non-linked products, rising rider attachment rates, and favorable yield curve movements.

- We expect margins to improve further across players in 3Q and 4Q on the back of rising contribution from protection, non-par and annuity products, and cost efficiencies. GST impact is likely to be completely mitigated in 2HFY27.

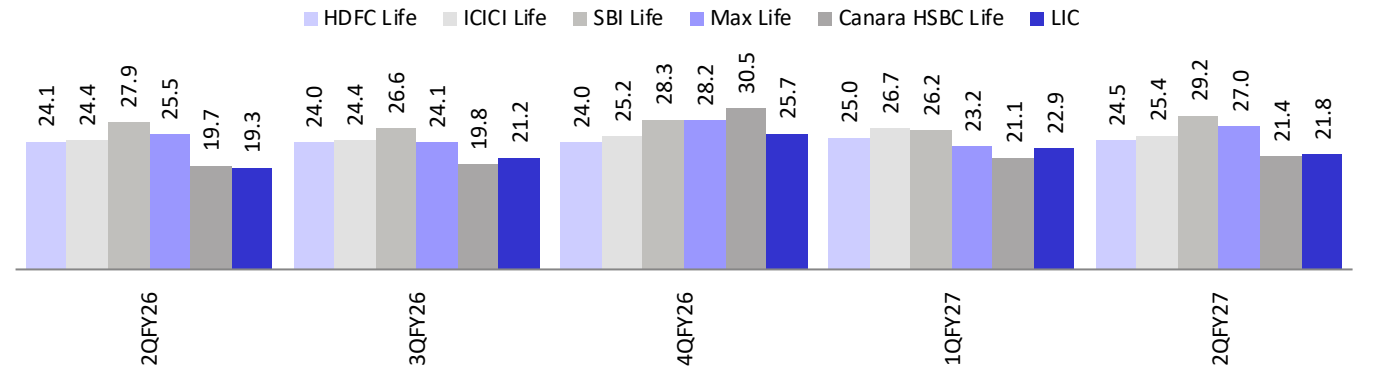
- **CANHLIFE:** VNB at INR1.4b rose 20% YoY, resulting in VNB margin of 21.4% (19.7% in 2QFY26). Favorable product mix contributed 2.6% to margin expansion in 1HFY27, while favorable yield curve movements resulted in 0.8% contribution, offset by a 2% impact due to GST exemption. **VNB margins could improve further if reference rates continue to rise. We expect VNB margins of 23.0%/23.5% in FY27/28.**
- **SBILIFE:** VNB grew 12% YoY to INR18.6b, reflecting a VNB margin of 29.2% for the quarter vs 27.9% in 2QFY26. For 1HFY27, VNB grew 19% YoY, with a VNB margin of 27.9% (27.8% in 1HFY26). SBILIFE's 2Q VNB margin benefited from the favorable product mix, rising rider attachment rates, and strong business volumes. Significant headroom in deferred annuities and plans to launch products in this segment can further boost margins. **The company has maintained FY27 guidance for VNB margin at 26–28%. We expect VNB margins of 28%/28.5% in FY27/28.**
- **MAXLIFE:** VNB grew 15% YoY to INR7.3b, resulting in a VNB margin of 27% vs. 25.5% in 2QFY26. For 1HFY27, VNB grew 21% YoY, with VNB margin of 25.4% (23.3% in 1HFY26), driven by a favorable product mix, improving product level margins, and operating leverage. **Margins are expected to expand in 3QFY27 and 4QFY27 as volumes pick up. We expect the VNB margin trajectory to remain stable at 26.2%/26.5% in FY27/28.**
- **HDFCLIFE:** VNB grew 15% YoY to INR11.6b in 2QFY27. VNB margins came in at 24.5% vs. 24.1% in 2QFY26. For 1HFY27, VNB grew 12% YoY, with VNB margin at 24.7% (24.5% in 1HFY26). While favorable product mix boosted VNB margin by 1.8%, assumption changes, expenses, and GST hit impacted VNB margin by 1.5% in 1HFY27. **VNB margin would continue to benefit from scale and operating leverage, supported by a recovery in business volumes. However, the upside is likely to be reinvested into capability enhancement**. We expect VNB margins of 24.8%/25.5% in FY27/28.
- **ICICI Life:** VNB margin for the quarter stood at 25.4% vs 24.5% in 2QFY26. For 1HFY27, VNB grew 22% YoY and VNB margin expanded 150bp YoY to 26%, backed higher protection contribution. **We expect VNB margins of 26.0%/26.5% in FY27/28.**
- **LIC:** VNB grew 17% YoY to INR37b, resulting in VNB margin expansion of 250bp YoY to 21.8%. For 1HFY27, VNB grew 34% YoY, with VNB margin of 22.3% (17.6% in 1HFY26). Strong growth in savings and protection APE resulted in a benefit of 3.3% with respect to VNB margin in 1HFY27. **A shift toward higher margin non-par products, cost optimization, and improvement in persistency will boost VNB margin going forward, narrowing the gap with private sector peers. We expect VNB margins of 23.2%/23.8% in FY27/28.**

Exhibit 16: Absolute VNB trend of listed private players (INR b); ICICILIFE sees the highest growth



Source: MOFSL, Companies

Exhibit 17: VNB margin trend of listed private players (%) – SBILIFE reports best-in-class margin in 2QFY27



Source: MOFSL, Companies

Rise in protection business across the industry; ULIP contribution drops

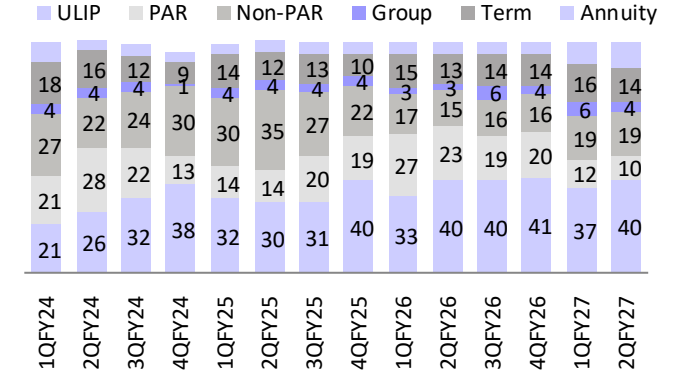
- Product mix in 2QFY27 continued to witness a rising share of the protection segment, supported by better affordability due to GST exemption.
- Traditional products like non-par savings and par witnessed new launches, driving growth momentum for the segment.
- Annuity has seen strong traction among insurers, growing faster than company growth. Insurers are investing toward harnessing the under-penetrated annuity opportunity through product launches, spreading awareness, and training for distributors.
- ULIP demand moderated during the quarter amid volatile equity markets, resulting in a moderated contribution to overall APE.
- We expect a continued shift toward traditional products and stable growth momentum in the protection segment, while ULIPs are expected to recover alongside equity markets.

- **CANHLIFE:** The 23% YoY growth in traditional APE led to a rise in contribution to 55% (49% in 2QFY26), with a continued increase in contribution from the protection and non-par segments, alongside a 35% YoY growth in credit life. ULIP demand moderated amid market volatility and changing customer preferences, although demand persists in targeted segments. **Improved affordability and more competitive IRRs could support non-par demand in Tier-3/4 markets.** Further improvement in credit life affordability through potential commission reforms could also accelerate volumes.
- **SBILIFE:** ULIP to total APE declined to 56.0% (57.8% in 2QFY26). Par contribution declined to 4.2%. Non-par savings APE rose 27% YoY, while individual protection

grew 14% YoY. The annuity segment witnessed a 28% YoY growth. Sum assured in participating products grew 40% in 1HFY27, while rider attachment reached 40% of eligible products, strengthening the overall protection proposition. **ULIPs accounted for 62% of the product mix in 1HFY27, against management's FY27 target of reducing the contribution to 63%, supported by new traditional product launches.**

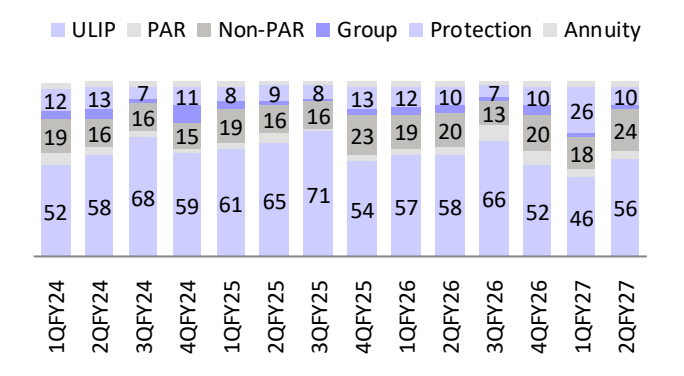
- **MAXLIFE:** Individual protection and par were the fastest-growing non-linked segments, taking the contribution for both to 13% from 12% in 2QFY26. In 1H, pure protection witnessed 37% YoY growth, while rider APE growth moderated due to market volatility impacting ULIP demand. Product pricing remains responsive to yield movements and competitive dynamics, and **non-par products continue to deliver healthy margins.**
- **HDFCLIFE:** Contribution from the protection segment continued to improve YoY, with individual protection contributing 8% to APE. Non-par savings also increased to 22% from ~18%. ULIPs contributed 45% of individual APE and demand remained healthy despite market volatility. Annuity's share of individual APE increased to 12% from 4–5% historically, supported by variable annuity launches. **Current interest-rate environment presents an opportunity to strengthen guaranteed return propositions.**
- **ICICILIFE:** Protection increased to 23.4% of APE in 1HFY27, while savings declined to 76.6%. Annuity delivered strong growth, while non-linked savings recovered sharply in 2QFY27 to levels comparable with the year-ago quarter. Credit life growth remained aligned with protection, supported by a diversified partner network, including the parent bank. **IPRU has repriced non-par products in line with prevailing yields,** with competitive IRRs potentially attracting younger customers. Sustained higher interest rates could increase the contribution of non-par and annuity products.
- **LIC:** In 1HFY27, in the non-par segment, LIC witnessed 35% YoY growth in individual savings APE and 59% YoY growth in protection APE. On the other hand, ULIP APE declined 40% YoY and annuity APE grew 5% YoY. **Savings and protection businesses are expected to sustain healthy growth, with ULIPs recovering alongside equity markets.** LIC is consciously focusing on higher-ticket ULIP policies rather than pursuing lower-ticket volumes. LIC is stepping up agent training and awareness initiatives to improve annuity sales and reach customers seeking retirement income solutions.

Exhibit 18: HDFCLIFE's product mix (%)



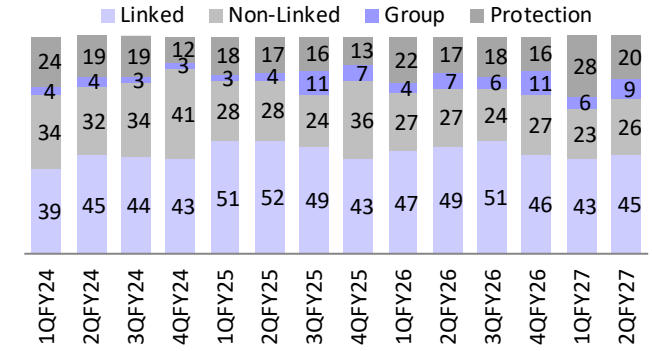
Source: Company, MOFSL

Exhibit 19: SBILIFE's product mix (%)



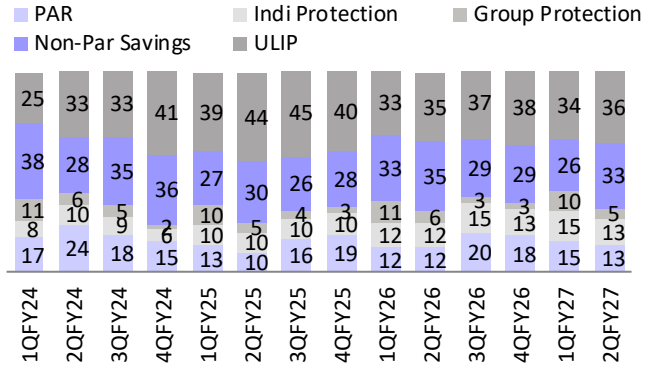
Source: Company, MOFSL

Exhibit 20: ICICILIFE's product mix (%)



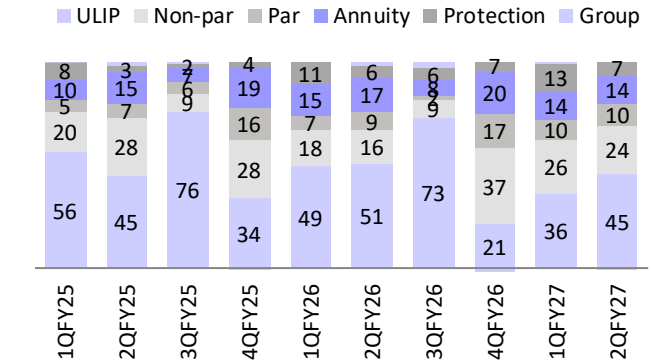
Source: Company, MOFSL

Exhibit 21: MAXLIFE's product mix (%)



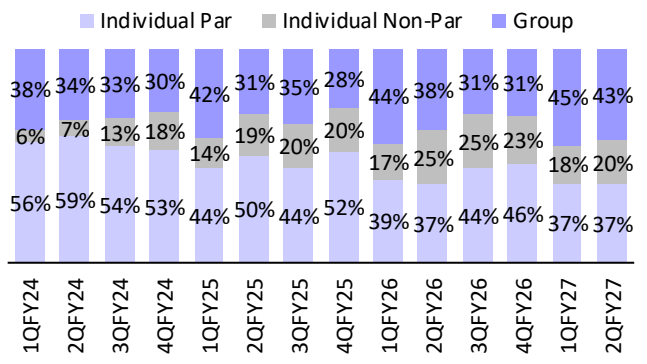
Source: Company, MOFSL

Exhibit 22: CANHLIFE's product mix (%)



Source: Company, MOFSL

Exhibit 23: LIC's product mix (%)



Source: Company, MOFSL

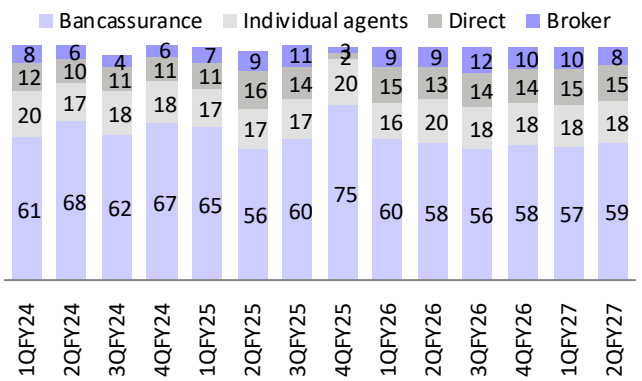
Channel productivity on an improving trajectory

- Bancassurance remains a dominant distribution channel, particularly for private insurers, supported by strong growth in bank-led partnerships. Agency channel is gaining traction as insurers focus on proprietary distribution. Brokers, digital, and direct channels are witnessing healthy traction.
- Overall, the industry is moving toward a more diversified distribution mix, with bancassurance continuing to provide scale and stability, while agency, direct, digital, and broker channels increasingly contribute to incremental growth. This diversification should support more sustainable growth, improve control over customer sourcing, and enhance distribution economics over the medium term.
- Any changes in the commission structure may affect distribution strategy in the short-term, but we expect the impact to be insulated for players like SBILIFE and CANHLIFE, which are already operating at low commission rates.
- **CANHLIFE:** The channel mix, based on 2Q individual APE, was 59% from Canara Bank, 21% from HSBC Bank, 6% from other banks, and 15% from alternate channels. The recently launched agency channel witnessed an APE of INR257m in 2Q. **Agency channel is being scaled up in a phased manner, with potential commission caps seen as supportive of lower acquisition costs.**
- **SBILIFE:** The agency channel posted 7% YoY growth. SBI Bank and regional rural banks contributed 53% of total APE and 59% of individual APE. Business through non-SBI bank partners grew over 30%, driven by the non-par segment.

Distributors receive uniform commissions, resulting in broadly similar margins across channels.

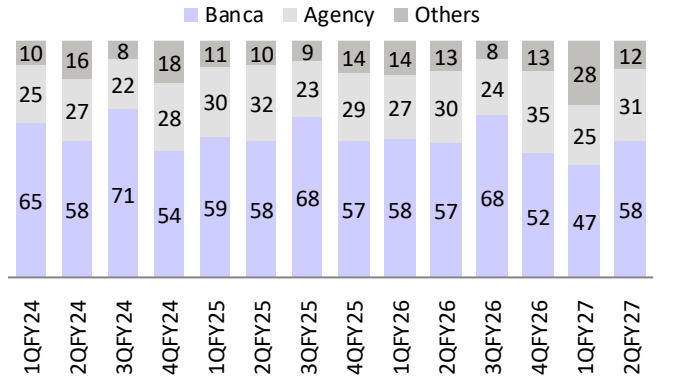
- **MAXLIFE:** The proprietary channel maintains strong growth momentum, contributing ~47% of the APE. The partnership channel APE grew 7% YoY in 2QFY27, contributing ~53% to total APE. Axis Bank channel growth moderated in 2QFY27 due to market volatility weighing on ULIP demand and delays in launching a protection product**. Axis Bank's growth is expected to improve in 2HFY27, with counter share improving to ~65% in Oct'26 (63-64% in 2QFY27).** Activation of ~12,000 dormant agents and increasing traction across a broader product suite support agency productivity.
- **HDFCLIFE:** On an individual APE basis, the broker channel jumped 26% YoY, backed by continued investment in productivity improvement. Agency/direct/banca channels grew 3%/2%/12% YoY. Protection and annuity together account for ~30% of the agency mix vs 15% previously. **HDFC Bank is expected to sustain momentum, with counter share gradually improving.** There is potential to expand distribution through group companies and branches.
- **ICICILIFE:** Agency channel growth improved to 4.1% YoY in 2QFY27, with agency and direct channels contributing 46.1% of retail business. The banca channel grew 4.6% YoY in 1HFY27, contributing 26.4% of APE, while the partnership channel accounted for 14.8%. Growth beyond ICICI Bank is supporting overall banca momentum, as the parent bank's business remains broadly stable at ~INR1b-1.2b in premiums. Management is leveraging technology, analytics, and micro-market strategies to **improve agency productivity, with the ambition of delivering above-company growth over the medium term.**
- **LIC:** On the distribution front, contribution from the agency channel was 90.8%, with individual NBP from the channel growing 14% YoY. Individual NBP from bancassurance grew 9% YoY, with contribution stable YoY at 4.6%. The direct channel rose 13% YoY, while broker channel witnessed strong growth of 64% YoY. **Banca channel picked up in 2Q after a subdued 1Q, with the momentum expected to continue through 3Q and the remainder of the year.** LIC plans to expand branch presence with current banca partners while onboarding additional partners. LIC is also investing in tools, training, and productivity enhancement to support sustainable agent earnings.

Exhibit 24: HDFCLIFE's distribution mix (%)



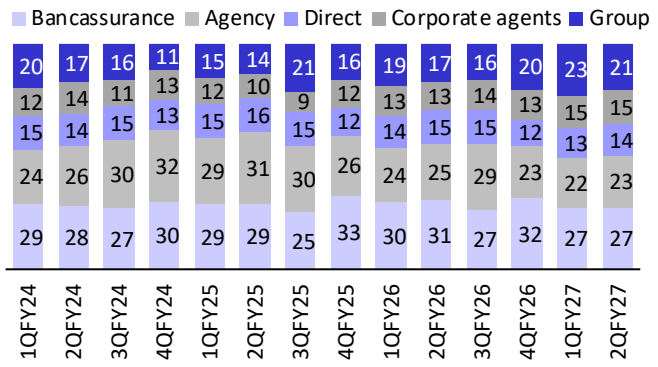
Source: Company, MOFSL

Exhibit 25: SBILIFE's distribution mix (%)



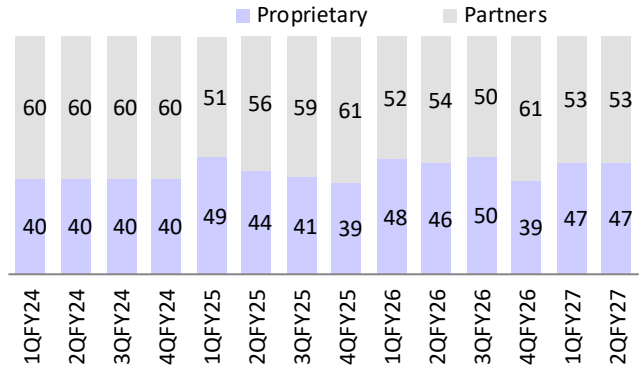
Source: Company, MOFSL

Exhibit 26: ICICI Life's distribution mix (%)



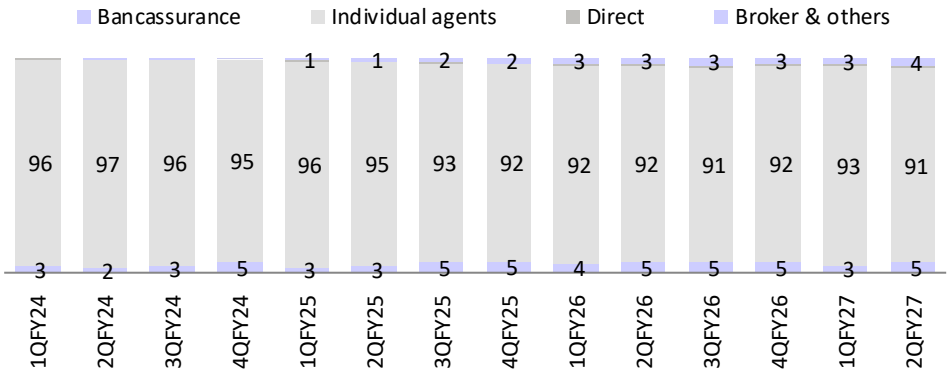
Source: Company, MOFSL

Exhibit 27: MAXLIFE's distribution mix (%)



Source: Company, MOFSL

Exhibit 28: LIC's distribution mix (%)



Source: Company, MOFSL

Embedded value impacted by negative market movements

All players reported double-digit operating RoEV for 1HFY27 (highest by CANHLIFE, followed by SBILIFE), with negative impact from economic variances witnessed across the industry.

We expect players to maintain their current operating RoEV trajectory going forward.

- **CANHLIFE's** EV at the end of 1HFY27 was INR76.2b, with an operating RoEV of 19.8%. Operating variance continued to be positive, while economic variance was marginally negative amid market movements, partly offset by favorable interest-rate movements. Despite relatively muted EV growth in 1HFY27, management expects stronger growth for the full year. **We expect operating RoEV to be in the range of 18-19% for FY27-28.**
- **SBILIFE's** EV stood at INR873.5b at the end of 1HFY27, rising 15% YoY (INR807.9b at the end of FY26). **We expect operating RoEV to be ~18% for FY27-28.**
- **MAXLIFE** reported EV of INR314.4b, reflecting an operating RoEV of 17.3% (16.3% in 1HFY26). **We expect operating RoEV to be in the range of 18-19% for FY27-28.**
- **HDFCLIFE**'s embedded value as of 1HFY27-end was INR664.6b, with operating RoEV of 14.9%. Investment variance was negative due to equity returns of ~3-3.5% vs. expectations of 5%, a 25-30bp rise in short-end yields and widening credit spreads. **We expect operating RoEV in the range of 15-16% for FY27-28.**
- **ICICILIFE** reported EV at the end of 1HFY27 at INR566.7b, growing 12% YoY. **We expect operating RoEV at ~13% for FY27-28.**

- **LIC's** EV at INR8b grew 1% compared to Mar'26 EV of INR7.9b, with favorable contribution from core operations, while MTM movements were negative. **We expect operating RoEV at ~12% for FY27-28.**

Exhibit 29: 1HFY27 EV and RoEV comparison

	CANHLIFE	SBILIFE	MAXLIFE	HDFCLIFE	ICICILIFE	LIC
EV (INRb)	76	874	314	665	567	7,974
Operating RoEV (%)	19.8		17.3	14.9		

Source: MOFSL, Company

CANHLIFE: Valuation and view

- CANHLIFE continued to deliver robust growth in 2QFY27, along with VNB margin expansion, supported by a pickup in traditional segment's contribution, a supportive interest rate environment, and operational leverage.
- The insurer's under-penetrated PSU bank engine, rising contribution from premiumized HSBC flows, and disciplined agency expansion serve as key growth levers. Backed by rising branch activation, product mix upgrades, and operating leverage, we expect the company to deliver a 19% operating RoEV going forward.
- While regulations are yet to be finalized, CANHLIFE's current operations seem to be in line with the regulator's directions in the consultation paper. Impact on credit life due to regulations, GST drag, sub-debt to improve solvency, and sustainability of the traditional mix are key monitorables.
- **We reiterate our BUY rating with a TP of INR180 (based on 1.7x FY28E EV).**

Exhibit 30: Financials and valuations (INR b)

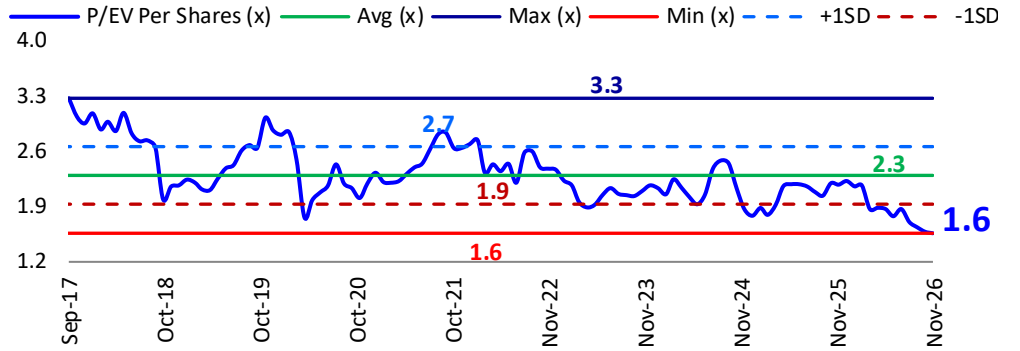
Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	78.5	98.4	115.1	135.4
Sh.PAT	1.2	1.3	1.5	1.6
APE	23.4	28.0	32.6	38.7
APE growth (%)	25.0	19.8	16.4	18.7
VNB	4.5	6.3	7.5	9.1
VNB margin (%)	19.1	22.4	23.0	23.5
RoE (%)	8.0	8.1	8.8	9.2
RoEV (%)	19.5	20.7	18.6	18.8
AUM	397.5	461.0	532.8	597.6
EV per share	64	76	90	106
Valuations				
P/EV (x)	2.0	1.7	1.4	1.2
P/EVOP (x)	12.0	9.6	9.1	7.6

Source: MOFSL, Company

SBILIFE: Valuation and view

- SBILIFE's 2Q VNB margin benefited from the favorable product mix, rising rider attachment rates, and strong business volumes. Going forward, steady traction in non-linked products and resilient protection demand are expected to drive VNB margins at the upper end of the 26-28% guidance band.
- Continued investments in agency and digital channels are likely to drive overall growth, supported by a gradual growth recovery in the bancassurance channel.
- Post 2QFY27 results, we retained our APE estimates but increased our VNB margin by 50bp in FY27, considering the 2QFY27 performance. However, we maintain our EV estimates with operating RoEV at ~18% for FY27/28. **We reiterate our BUY rating with a TP of INR2,100 (based on 1.9x FY28E P/EV).**

Exhibit 31: SBILIFE's P/EV chart



Source: Company, MOFSL

Exhibit 32: Financials & valuations (INR b)

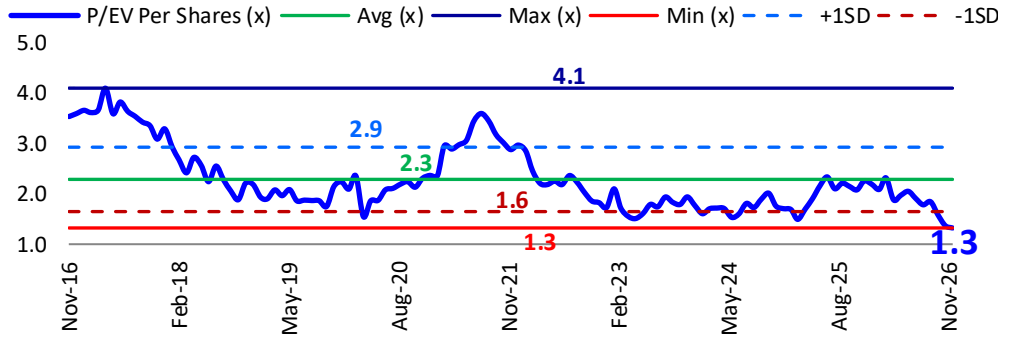
Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	840.6	1,000	1,139	1,297
Surplus / Deficit	29.9	33	35	47
Sh.PAT	24.1	25	28	39
NBP gr- APE (%)	7.4	13.9	14.7	14.2
Premium gr (%)	4.4	19.2	14.0	13.9
VNB margin (%)	27.8	27.5	28.0	28.5
RoE (%)	15.1	13.7	13.6	16.8
RoIC (%)	15.4	13.8	13.6	16.8
RoEV (%)	20.6	15.0	17.7	17.6
AUM (INRt)	4.5	4.9	5.9	6.9
VNB	59.5	67	78	91
EV per share	701	805	951	1,119
Valuations				
P/EV (x)	2.6	2.3	1.9	1.6
P/EVOP (x)	15.5	13.2	12.5	10.7

Source: MOFSL, Company

MAXLIFE: Valuation and view

- Strong traction in the protection and annuity segments, new product launches in the non-linked segments, and yield curve movements have resulted in robust VNB margin expansion for MAXLIFE.
- While growth seems to have slowed down across channels due to a high base, rising agent productivity, improvement in the Axis Bank channel, and rising Tier-2 and beyond penetration will help maintain growth going forward.
- Following 2QFY27 results, we have largely kept our estimates intact and expect APE/VNB to post FY26-28 CAGR of 14%/16%. We reiterate our BUY rating on the stock with a revised TP of INR1,690, premised on 1.8x FY28E EV. The final insurance distribution regulation remains a key monitorable.

Exhibit 33: MAXLIFE's P/EV chart



Source: Company, MOFSL

Exhibit 34: Financials and valuations (INR b)

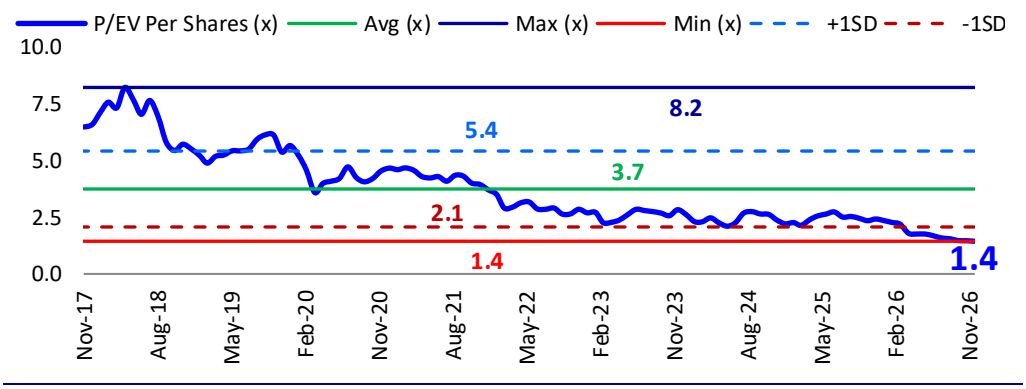
Y/E MARCH	FY25	FY26	FY27E	FY28E
Gross Premium	332.2	388.8	451.8	521.6
PAT	4.1	2.8	4.7	5.8
APE	87.7	105.0	116.8	135.4
VNB margin (%)	24.0	25.2	26.2	26.5
Op. RoEV (%)	19.1	18.7	18.6	18.5
AUM (INRb)	1,751	1,898	2,176	2,502
VNB(INRb)	21.1	26.5	30.6	35.9
EV per Share	584	677	793	939
Valuations				
P/EV (x)	2.5	2.1	1.8	1.5
P/EVOP (x)	16.6	13.1	11.5	9.8

Source: MOFSL, Company

HDFCLIFE: Valuation and view

- HDFCLIFE reported 13% YoY growth amid continued momentum in agency, HDFC Bank, and non-HDFC Bank channels. Rising protection and non-par savings contributions boosted VNB margin, with excess margins allocated toward business improvements. Margins remained within the 24-25% guided range.
- We expect the growth trajectory to remain stable at 14% for FY26-28, along with a stable expansion in VNB margin of 25.5% by FY28, driven by a diversified product mix, rising sum assured, and improving rider attachments.
- We have largely maintained our estimates considering the in-line performance in 2QFY27. **We reiterate our BUY rating with a TP of INR680 (based on 1.8x FY28E EV).** While the proposed distribution reforms can improve affordability, the eventual impact on growth, margins, and distribution economics depends on the final regulations. IFRS and risk-based capital are additional monitorables with respect to operational performance.

Exhibit 35: HDFCLIFE's P/EV chart



Source: MOFSL

Exhibit 36: Financials & valuations (INR b)

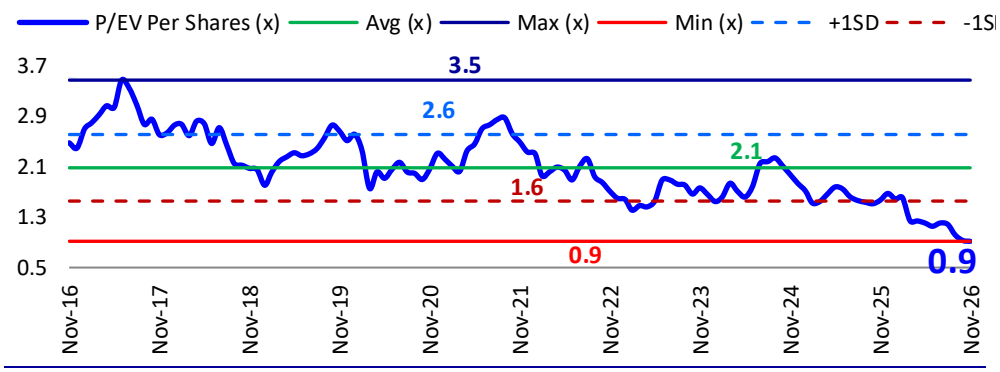
Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	696.2	774.2	886.8	1,012.8
PBT	18.7	19.6	22.2	25.4
Surplus / Deficit	10.4	3.3	14.9	16.7
Sh. PAT	18.0	19.1	22.2	25.4
NBP gr - APE (%)	15.8	7.9	11.7	14.6
Premium gr (%)	12.6	11.9	14.5	14.2
VNB margin (%)	25.6	24.2	24.8	25.5
RoEV (%)	16.8	12.1	14.8	15.1
Total AUM (INRt)	3.4	3.8	4.4	5.1
VNB (INRb)	39.6	40.3	46.7	55.0
EV per share	256.7	287.7	330.4	380.3
Valuations				
P/EV (x)	2.3	2.0	1.8	1.5
P/EVOP (x)	16.0	15.2	13.2	11.3

Source: MOFSL, Company

ICICILIFE: Valuation and view

- ICICILIFE's continued efforts toward the product mix shift and increasing retail protection contribution have resulted in continued YoY expansion in VNB margin. In the long term, the company's profitability will be supported by sustainable growth momentum and increased traction of non-linked products.
- We have maintained our estimates following 2QFY27 performance, with operating RoEV projected at 12-13%. Key monitorables include regulatory implementations across distribution, IFRS, and risk-based solvency, as well as the impact of the rising interest rate environment. **We reiterate our BUY rating with a TP of INR540 (based on 1.2x FY28E EV).**

Exhibit 37: ICICI Life's P/EV chart



Source: Company, MOFSL

Exhibit 38: Financials & valuations (INRb)

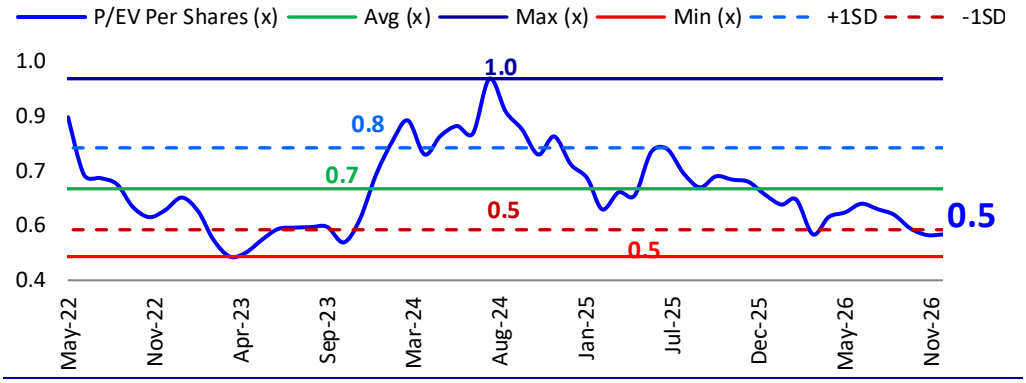
Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	472.6	513.4	592.2	679.1
Surplus / Deficit	18.0	24.6	33.2	36.1
Sh. holder's PAT	11.9	16.1	19.0	21.7
NBP growth unwtd (%)	24.4	6.8	19.6	17.9
APE (INRb)	104.1	106.4	119.3	136.8
VNB (INRb)	23.7	26.3	31.0	36.2
VNB margin (%)	22.8	24.7	26.0	26.5
EV per share	332	365	410	462
RoEV (%)	13.3	10.5	12.3	12.6
Total AUM (INRt)	3.0	3.5	3.9	4.5
Valuations				
P/EV (x)	1.4	1.3	1.1	1.0
P/EVOP (x)	12.1	11.8	9.9	8.6

Source: MOFSL, Company

LIC: Valuation and view

- LIC reported a sequential dip in VNB margin and subdued quarter with respect to growth owing to weak ULIP demand. However, margin continues to expand YoY, led by increasing contribution of the non-par business and improving product-level margins. The growth trajectory is expected to improve as ULIP regains momentum, along with higher ticket sizes, improving agency channel productivity, and continued growth in alternate channels. A shift toward higher margin non-par products, cost optimization, and improvement in persistency will boost VNB margin going forward.
- Following 2QFY27 results, we have cut our VNB margin estimates by 20bp for FY27/28, considering the performance in 2QFY27. We expect operating RoEV in the range of 11.5-12%. **We have a BUY rating with a TP of INR470 (premised on 0.6x FY28E EV).**

Exhibit 39: LIC's P/EV chart



Source: MOFSL

Exhibit 40: Financials & valuations (INRb)

Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	4,881	5,360	5,857	6,310
Surplus / Deficit	447.6	468.3	657.5	754.5
Sh. PAT	481.5	574.2	676.7	770.5
VNB margin (%)	17.6	21.2	23.2	23.8
RoEV (%)	6.8	1.6	10.5	10.6
Total AUMs (INRt)	54.5	57.3	63.8	68.9
APE (INRb)	568.3	669.6	707.8	772.2
VNB (INRb)	100.1	141.8	164.2	183.8
EV per share	614	624	689	762
Valuations				
P/EV (x)	0.7	0.7	0.6	0.5
P/EVOP (x)	6.3	5.6	5.6	5.1

Source: MOFSL, Company

Exhibit 41: Life insurance valuation comparison

		HDFC Life			SBI Life			Max Financial			ICICI Life			Canara HSBC Life			LIC		
Rating		Buy			Buy			Buy			Buy			Buy			Buy		
CMP	INR	588			1823			1433			463			128			410		
Market Cap	INRb	1243			1793			497			644			121			5,060		
TP	INR	680			2100			1690			540			180			18		
Upside	%	16			15			18			17			41			15		
Profitability		**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**
VNB	INRb	40	47	55	67	78	91	26	31	36	26	31	36	6.3	7.5	9.1	142	164	184
VNB margin	%	24.2	24.8	25.5	27.5	28.0	28.5	25.2	26.2	26.5	24.7	26.0	26.5	22.4	23.0	23.5	21.2	23.2	23.8
Operating RoEV	%	15.0	15.5	15.7	19.7	18.1	17.9	18.7	18.6	18.5	11.9	12.9	13.1	20.7	18.6	18.8	11.9	11.7	11.7
Key Parameters		**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**
APE	INRb	166	188	216	243	278	318	105	117	135	106	119	137	28.0	32.6	38.7	670	708	772
EV	INRb	621	713	821	808	951	1,119	289	342	405	530	595	670	72.3	85.3	101.0	7,892	8,719	9,645
Current valuation		**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**	**FY26**	**FY27E**	**FY28E**
P/EV	x	2.0	1.8	1.5	2.3	1.9	1.6	2.1	1.8	1.5	1.3	1.1	1.0	1.7	1.4	1.2	0.7	0.6	0.5
P/EVOP	x	15.2	13.2	11.3	13.2	12.5	10.7	13.1	11.5	9.8	11.8	9.9	8.6	9.6	9.1	7.6	5.6	5.6	5.1
P/VNB	x	31.5	27.2	23.1	27.4	23.5	20.2	23.3	20.2	17.2	25.6	21.7	18.5	19.4	16.2	13.4	36.6	31.6	28.2

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